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ABSTRACT

This document is a formal analysis of and report on the House of Representative's Bill 2313, the School Dropout Demonstration Amendments; the Bill amends the School Dropout Demonstration Assistance Act of 1988, but authorizes continued funding for the original 1988 legislation, which established funding for dropout prevention programs, reentry programs, early intervention programs, and model systems for collecting and reporting information about dropouts. The report on the proposed legislation contains a brief introduction, a description of a hearing held concerning the Bill in Flint (Michigan), and a more detailed description of the background for the legislation (the original Bill, funding extensions, and the need for the legislation). Another section describes the following major changes outlined in the Bill: (1) allowing mentoring programs to be funded under this legislation; (2) increasing the reservation of funds for evaluation; (3) clarifying continuing eligibility of existing grantees; and (4) clarifying matching requirements. Subsequent sections note the committee approval for the Bill, an oversight statement, an inflationary impact statement, a Committee on Government Operations oversight statement, estimate of the cost for the legislation, and a section by section analysis of the Bill itself. Included is a statement by Representative C. A. Hayes, the original author of the 1988 legislation. (JB)

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102D CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
102-77

SCHOOL DROPOUT DEMONSTRATION AMENDMENTS

MAY 23, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FORD of Michigan, from the Committee on Education and Labor, submitted the following

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REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 2313]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 2313) to amend the School Dropout Demonstration Assistance Act of 1988 to extend authorization of appropriations through fiscal year 1993 and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. INTRODUCTION

In reporting H.R. 2313, the Committee proposes to continue the School Dropout Demonstration Assistance Act of 1988. As reported by the Committee, H.R. 2313 would reauthorize the School Dropout Demonstration Assistance Act of 1988 for fiscal years 1991, 1992, 1993.

II. COMMITTEE ACTION

A hearing was held in Flint, Michigan, on February 11, 1991, on the School Dropout Demonstration Act of 1988.

Testifying at the February 11, 1991, hearing were: The Honorable Dan L. DeGrow, State Senator of Michigan; John W. McCauley, Superintendent of Lapeer Community Schools; Rudolph V. Collins, Director, Pupil Personnel Services, Flint Community Schools ac-

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companied by Kristal Thompson and Trische Duckworth, students; Lindsey Younger, Executive Director, the Spanish Speaking Information Center; and Jon R. Blyth Program Officer, the Charles Stewart Mott Foundation.

H.R. 2313 was introduced by Mr. Kildee on May 14, 1991. The original cosponsors are Mr. Goodling, Mr. Ford of Michigan, Mr. Hayes of Illinois, Mr. Henry, Mr. Miller of California, Mr. Williams, Mr. Boehner, Mr. Martinez, Mr. Perkins, Mr. Sawyer, Mr. Owens, Mrs. Lowey, Mrs. Unsoeld, Mr. Jefferson, Mr. Reed, Mr. Roemer, Mr. Washington, Mrs. Mink, and Mr. Fuster. On May 16, 1991, H.R. 2313 was considered by the full Education and Labor Committee and ordered reported, without amendment, by a vote of 38 to 0.

III. Background and Need for Legislation

The School Dropout Demonstration Assistance Act of 1988 (SDDAA) was first explicitly enacted as part of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (P.L. 100-297). Prior to that, the program was authorized through P.L. 100-202, Continuing Appropriations for fiscal year 1988. Under SDDAA, the U.S. Department of Education makes discretionary grants to local educational agencies (LEAs) for dropout prevention programs, reentry programs, early intervention programs, and model systems for collecting and reporting information about dropouts. Some grants also are made to educational partnerships and community-based organizations. In 1990 the program was extended for fiscal years 1990 and 1991.

The purpose of this extension is to continue the authorization for fiscal years 1992 and 1993. This extension brings the School Dropout Demonstration Assistance Act into the same reauthorization cycle as the Hawkins-Stafford School Improvement Amendments (P.L. 100-297) which is also authorized through fiscal year 1993 and contains related provisions.

The extension of this program will ensure a continued federal effort to address the formidable national problem of school dropouts. It is estimated that between 600,000 and 700,000 young adults between the ages of 14 and 24 drop out of school each year. At the present time, there are about 4.3 million people between the ages of 16 and 24 who are neither enrolled in high school nor have completed a high school diploma or its equivalent. Minorities drop out of school at higher rates than whites. In some central city and rural school districts, dropout rates are between three and four times the national average. The School Dropout Demonstration Assistance Act provides federal funds to develop programs that attack this problem. The Committee for Economic Development, a group of business leaders and educators, states in their report, *The Unfinished Agenda: A New Vision For Child Development and Education,* "Business people know that it is less expensive to prevent failure than try to correct it later. . . . Every class of school dropouts earns $237 billion less than an equivalent class of high school graduates during their lifetimes. As a result the government receives $70 billion less in tax revenues. . . . About 82 percent of all Americans in prison are high school dropouts, and it costs an average of

$20,000 to maintain each prisoner annually." Making an investment in dropout prevention through the School Dropout Demonstration Assistance Act is an important investment in our nation's at-risk children.

Additionally, in the fall of 1989, the nation's governors and the President met to establish six national performance goals in education. Goal Two, "By the year 2000, the high school graduation rate will increase to at least 90 percent." This goal is critical to our nation's educational success. The Congress has been committed to achieving this goal for a number of years. The School Dropout Demonstration Assistance Act is one of its most important tools for achieving this goal.

IV. Explanation of the Bill

Reauthorization of the School Dropout Demonstration Assistance Act of 1988

H.R. 2313 reauthorizes the School Dropout Demonstration Assistance Act of 1988 through fiscal year 1993. It also contains four changes to the program: 1. clarifies that "mentoring programs" are one of the allowable educational activities for which funds may be used; 2. increases the reservation of funds for evaluation from $1.5 million to $2 million; 3. clarifies that existing grantees are eligible to apply for additional grants; and, 4. clarifies that the current 25 percent match requirement applies for all outyears of funding, not just the second year.

Mentoring Programs

H.R. 2313 clarifies that mentoring programs, which have been shown to be successful in reducing school dropout rates, are one of the eligible activities for educational partnerships. It is the intent of the Committee that businesses (both for-profit and not-for-profit), in particular, will enter into partnerships with schools to provide mentoring for students at risk of dropping out of school. One benefit for the students would be the ability to see firsthand the skills they will need to enter the workforce, particularly if they do not plan to continue their education beyond high school (at the time they begin the mentoring program). In addition to work experience, participants in a mentoring program should be available to assist students in a variety of ways, including the provision of tutoring. The Committee also expects participants in mentoring programs to spend time with students outside of the workplace and provide them with the personal support many of them are not receiving from other sources.

Evaluation Funds

The Department of Education has requested additional funds for evaluation functions. While the Committee has acceded to this request, any evaluation funds must be used to evaluate dropout prevention models consistent with the purposes of the program as described in the statutory language.

Continuing Eligibility

There are several programs currently receiving grants under the SDDAA which are in the process of developing model dropout prevention programs which have yet to be completed. Specific examples include a program which provides comprehensive services to participating children. Providing these services involved much technical planning and coordination and required an unusual amount of lead time. Another incomplete project is a program which uses traditional dropout methods such as tutoring, staff development, mentoring. A critical component of this program is tracking students through three grade levels to monitor the effects of the program. Two or more years of continued funding is critical to the evaluation of this program's approach. The Committee believes that continuation of programs which are in the process of developing sound developmental models is critical and urges the department to consider this factor when issuing future grants.

The Committee is also encouraged by the dropout prevention models which involve significant community participation. Programs which involve civic, education, and business leaders demonstrates a commitment by the whole community to address this critical problem thereby enhancing the opportunity for success.

Matching Requirement

H.R. 2313 clarifies that the 25 percent matching requirement applies not only to the second year of specific funding cycle, but to all succeeding years of funding in a specific funding cycle. The Committee notes that the matching requirements apply to each multi-year funding cycle separately. For example, if grantee X has previously recieved funds for a four year funding cycle their matching requirement would have been 10 percent in the first year and 25 percent for each of the next three years. If grantee X applies for a second multi-year funding cycle their matching requirement would be 10 percent in the first year of the second funding cycle and 25 percent in each of the succeeding years. Even though grantee X would be in their fifth year of funding they would only be in their first year of the second funding cycle and therefore would only be required to provide the 10 percent for that first year.

V. Committee Approval

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the Committee states that on May 16, 1991, a quorum being present, the Committee favorably ordered reported H.R. 2313 by a vote of 38 to 0.

VI. Oversight Statement

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, this report embodies the findings and recommendations of the Subcommittee on Elementary, Secondary and Vocational Education, established pursuant to clause 2(b)(1) of Rule X of the House of Representatives and Rule 18(a) of the Rules of the Committee on Education and Labor. Pursuant to its respon-

sibilities, the Committee has determined that legislation should be enacted as set forth in H.R. 2313.

VII. Inflationary Impact Statement

In compliance with clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment into law of H.R. 2313 will have little inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the Committee that the inflationary impact of this legislation as a component of the federal budget is negligible.

VIII. Oversight Findings and Recommendations of the Committee on Government Operations

In compliance with clause 2(l)(3)(D) of rules XI of the Rules of the House of Representatives, the Committee states that no findings or recommendations of the Committee on Government Operations were submitted to the Committee.

IX. Cost of This Legislation

A. CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(l)(3) (B) and (C) of rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 21, 1991.

Hon. William D. Ford,
Chairman, Committee on Education and Labor, House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2313 as ordered reported by the House Committee on Education and Labor on May 16, 1991.

If you wish further details on this cost estimate, we will be pleased to provide them.

Sincerely,

Robert D. Reischauer,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 2313.
2. Bill title: None.
3. Bill status: As ordered reported by the House Committee on Education and Labor on May 16, 1991.
4. Bill purpose: This bill amends the School Dropout Demonstration Assistance Act of 1988 to extend the authorization of appropriations through fiscal year 1993.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1991	1992	1993	1994	1995	1996
Estimated authorization	16	52	54			
Estimated outlays	2	17	45	46	11	1

The costs of this bill fall in Function 500.

Basis of Estimate: H.R. 2313 authorizes $50 million in 1991 and such sums as may be necessary in 1992 and 1993 for the Dropout Prevention Demonstration grant program. Nevertheless, $34 million was appropriated for this program in 1991. CBO's estimate of the 1991 authorization level represents the difference between the amount specified in the bill and the current appropriation. Both the 1992 and 1993 estimated authorizations represent the amount designated for 1991, adjusted for projected inflation.

Estimated total outlays assume full appropriation of estimated authorizations and reflect the current spending patterns of the existing program.

6. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. Because this bill would not affect direct spending or receipts, there are no pay-as-you-go implications.

7. Estiamted cost to State and local government: Federal funds received under the Dropout Prevention Demonstration program may be used to cover 90 percent of the total cost of a project during the first year the project receives funds and 75 percent of the cost of the project during the second year. Funds from any other source may be used for the remaining cost, however not more than 10 percent of the remaining cost may be financed for other federal monies.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Diane Celuch.

11. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

B. COMMITTEE ESTIMATE

With reference to the statement required by clause 7(a)(1) of rule XIII of the Rules of the House of Representatives, the Committee accepts the estimate prepared by the Congressional Budget Office.

X. Section-by-Section Analysis

Section 1 provide authorization of appropriations for fiscal year 1991 of $50 million and such sums as may be necessary for fiscal years 1992 and 1993.

Section 1 provides authorization of appropriations for fiscal year Secretary of Education to conduct evaluations to $2 million, clarifies that grantees which have previously received funds may apply for additional grants, and clarifies that the outyear match requirement of 25 percent applies to all outyear funding, not only the

second year. Consistent with House rules, provides for an effective date of fiscal year 1993 for reservation of evaluation funds.

Section 3 clarifies that mentoring programs are included in the list of allowable activities for educational partnerships.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SCHOOL DROPOUT DEMONSTRATION ACT ASSISTANCE ACT OF 1988 (AS CONTAINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965)

* * * * * * *

SEC. 6003. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—Subject to subsection (b), there are authorized to be appropriated to carry out this part $50,000,000 for each of the fiscal years 1989, 1990, and 1991.]

(a) IN GENERAL.—Subject to subsection (b), there are authorized to be appropriated for the purposes of this part $50,000,000 for fiscal year 1991 and such sums as may be necessary for each of the fiscal years 1992 and 1993.

* * * * * * *

SEC. 6004. GRANTS TO LOCAL EDUCATIONAL AGENCIES.

(a) ALLOTMENT TO CATEGORIES OF LOCAL EDUCATIONAL AGENCIES.—From the amount appropriated under section 6003 for any fiscal year, the Secretary shall first reserve not more than [$1,500,000] *$2,000,000* for the purposes of evaluating programs carried out with assistance under this part. From the remaining amount, the Secretary shall allot the following percentages to each of the following categories of local educational agencies:

(1) * * *

* * * * * * *

(c) AWARD OF GRANT.—From the amount allotted for any fiscal year to a category of local educational agencies under subsection (a), the Secretary shall award as many grants as practicable within each such category to local educational agencies and educational partnerships whose applications have been approved by the Secretary for such fiscal year under section 6005 and whose applications propose a program of sufficient size and scope to be of value as a demonstration. *Any local educational agency, educational partnership, or community-based organization that has received a grant under this Act shall be eligible for additional funds subject to the requirements under this Act.* The grants shall be made under such terms and conditions as the Secretary shall prescribe consistent with the provisions of this part.

* * * * * * *

(f) FEDERAL SHARE.—(1) The Federal share of a grant under this part may not exceed—

(A) 90 percent of the total cost of a project for the first year for which the project receives assistance under this part, and

(B) 75 percent of such cost [for the second such] *in each succeeding fiscal* year.

* * * * * * *

SEC. 6006. AUTHORIZED ACTIVITIES.

(a) * * *

(b) ACTIVITIES FOR EDUCATIONAL PARTNERSHIPS.—Grants under this part may be used by educational partnerships for—

(1) * * *

* * * * * * *

(8) special school staff training projects; [and

[(9) any other activity described in subsection (a).]

(9) mentoring programs; and

(10) any other activity described in subsection (a).

* * * * * * *

SUPPLEMENTAL VIEWS OF REPRESENTATIVE CHARLES A. HAYES ON H.R. 2313

As the original author of the School Dropout Demonstration Assistance Act, P.L. 100-297, I am pleased that today the Committee is taking the necessary action to reauthorize this program. As you know, the School Dropout Demonstration Assistance Act provides needed financial assistance to local educational agencies and community based organizations to reduce the number of children who dropout of elementary and secondary education. Dropping out of school is a serious problem in the United Staets, and the problem has grown to phenomenal levels for African Americans, Hispanics and Native Americans.

The issue of dropouts must be addressed because our children's futures are truly at stake if we are not attentive. The consequences of dropping out can be life altering. Dropouts may be faced with many disadvantages in life because studies show that adults without diplomas are less likely to be employed, or to have jobs with good career prospects. It has been reported that dropouts earn less income and are more likely to be impoverished. For dropouts, as well as for society, the cost of not completing school is high. For every $1.00 spent on dropout prevention, $12.00 can be saved in lower benefits and higher tax revenue later down the line.

So, while the School Dropout Demonstration Assistance Act has been very popular, the program barely touches the tip of the iceberg in terms of the needs of this country. The program only serves less than 100 schools nationwide. When there are dropout rates as high as in my own City of Chicago, looming somewhere around 50% for public school children, I know that the need is great. I am certain that just about every urban area, as well as many rural areas, in this country suffers with dropout levels such as Chicago's. It is obvious to me that the demonstration program has served its purpose, but now the Congress, and this Committee, must take a bolder step and begin to think in more global terms. We must initiate a comprehensive, more sizeable approach to the dropout problem.

So, I am enthusiastic about the timely fashion with which Chairman Kildee and Chairman Ford have moved on this reauthorization, and I look forward to continuing my efforts in support of reducing the numbers of youth that have dropped out of school. Thank you, Mr. Chairman.

CHARLES A. HAYES.